

History >> Visiting our storied path

Deposits of Success Spokane's Early Banks

by Blythe Thimsen
photos courtesy of Northwest Room

IN 1878, WHEN SPOKANE FALLS boasted roughly 100 citizens, most purchases were made in trade or with small amounts of cash. A.M. Cannon, a new arrival to the city, ran a general store with his brother in a small wood building, and from his perch Cannon had a front row seat to observe the growth of Spokane Falls. When the impending arrival of the Northern Pacific Railway was announced, Cannon began considering ways to capitalize on Spokane Falls' success. It was then that he became aware of the absence of a bank in the town.

"I have started a bank," declared Cannon

after placing a sign on his general store that read: Bank of Spokane Falls. "You know I haven't got a dollar, but my sister-in-law has \$1,000 to loan me," he stated to friends. "There is no business for a bank, but the Northern Pacific is coming this way with its grade and construction, and there will be all sorts of time-checks to cash, and I thought I might as well get in and be ready to take care of it."

As the railroad arrived and the population increased, Cannon's bank grew to the point that it could no longer be contained in the back of his general store. Eventually, it found a home at the corner of Wall and Riverside. The success

of the bank, however, was no match for the hunger of flames that consumed the bank building on the night of August 4, 1889, when Spokane Falls was engulfed in the flames of what became known as the Great Spokane Fire. As the city rebuilt after the fire, buildings of great beauty were erected; buildings of brick and stone, which demonstrated the expectation that they would last for years to come.

One such building was the Marble bank building, which was constructed entirely of Vermont marble and was located where part of the former Crescent department store building still stands. Built in 1892, this building was constructed as the new



First National Bank, at the corner of Riverside and Howard, circa 1887

History

home of Bank of Spokane Falls; however, the bank failed before it moved into the building, a victim of the financial panic of 1893, which swept across the country, creating fear and devastation and closing many banks.

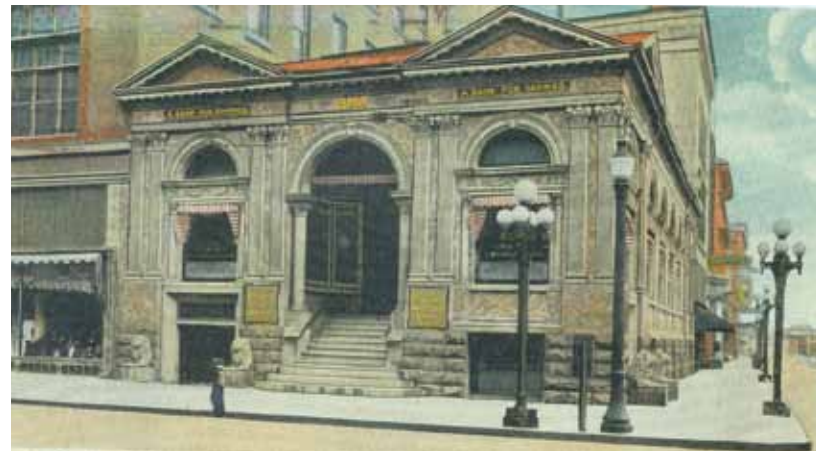
“Because Cannon was one of Spokane’s most enterprising men and was at that time its leading financier, the impact of these [bank] failures upon the public was tremendous,” wrote economics professor Claude A. Campbell, in *Old National Bank of Spokane: The Pioneer “Big Bank” of Spokane and the Inland Empire*.

Though Cannon’s bank never occupied it, the Marble bank building went on to house many of Spokane’s financial institutions throughout the years. “This building was a twelve-carat diamond set in the center of Spokane’s belt buckle,” wrote historian Robert Hyslop, about the Marble bank building. “Even though it was built on the site of the pre-fire Cannon’s Block with his bank [Bank of Spokane Falls] in the corner, it was not called by his or its name, as both were in ill-repute by the time the building was finished.”

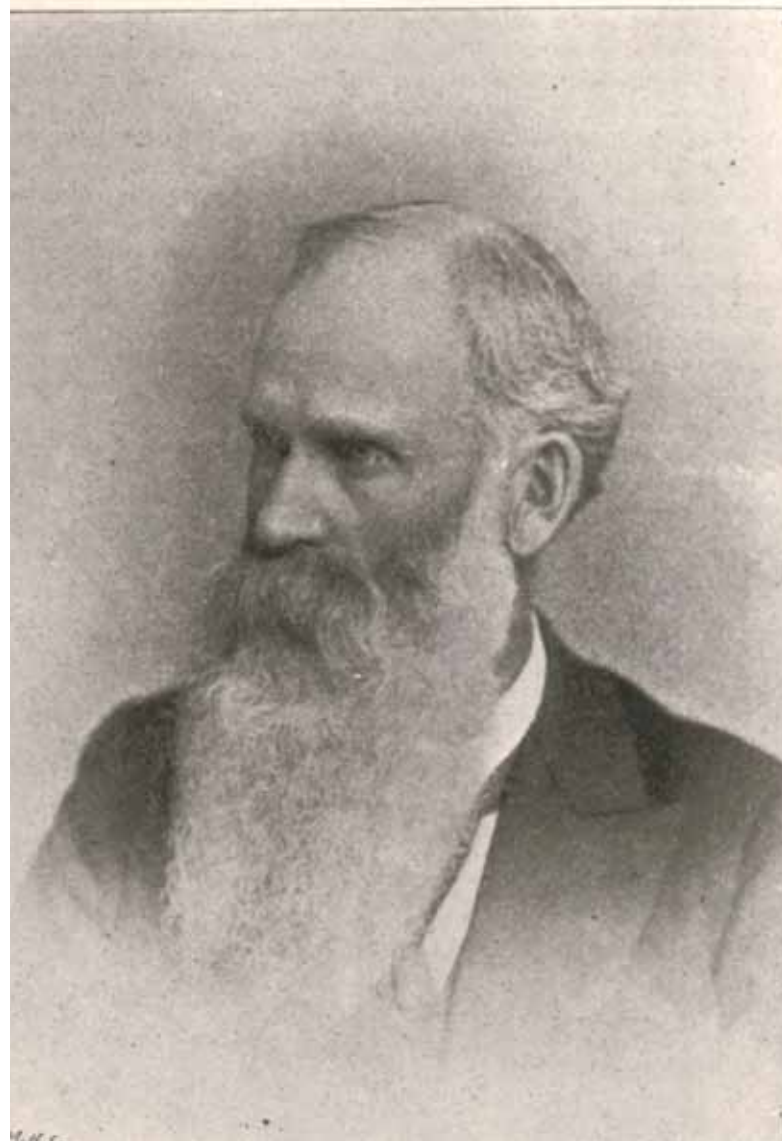
Though Cannon was the first banker in Spokane, he certainly was not the only one. Realizing the financial success a good bank could bring to the pockets of the owners, soon other enterprising men followed suit. The second bank to make its debut in Spokane was First National Bank, which was started in 1882 by James N. Glover, F. Rockwood More and Horace L. Cutter. “They saw a future for Spokane Falls as the first railroad had just completed its through lines, settlers were taking up the rich Palouse farmland and the rush to the newly discovered gold camps in the nearby Coeur d’Alenes was underway,” wrote Joel E. Ferris in *Early Day Banks and Bankers*.

While the Bank of Spokane Falls was started with a mere \$1,000, First National Bank was considerably more solid, with a \$50,000 investment of capital. Glover, one of the founders of First National Bank, was the owner and landlord of the building rented by A.M. Cannon to house his general store and bank. When Cannon had decided to start his bank in 1878, it was while Glover was out of town on travels. It was said that Glover was rather shocked to see the presence of a bank in his building when he returned.

Cannon and Glover were both marked with an entrepreneurial streak, and were shrewd businessmen who were fond of finding ways to enhance their wealth, secure their positions and line their pockets with a few extra coins, so it is not hard to imagine Glover was put out to discover that his renter had opened a bank in his building without notifying him; it may have been a further injustice to see this bank succeed and to see Cannon beating Glover to the punch and making money. Whether Glover was following in great footsteps or was a ruthless businessman who, concerned for his own financial success, was willing to sacrifice a friendship and compete against Cannon in pursuit of a great



The Marble bank building



A.M. Cannon, who established the first bank in Spokane Falls.



A postcard showing Old National Bank Building, on the corner of Riverside and Stevens.

business opportunity, cannot be firmly determined.

Four years after opening, and with a strong business to support it, Glover’s First National Bank was able to build a three-story building at the corner of Riverside and Howard. Alas, a strong financial start and enough deposits and customers to fund a three-story building did not guarantee success when the financial panic of 1893 hit. Like its predecessor, Bank of Spokane Falls, First National Bank succumbed to the financial strains of the time and collapsed during the panic of 1893. “Failure and liquidation worked the end of many—and in fact most—of the early day banks,” wrote Ferris. “The panic of 1893 thinned their ranks.”

There were some banks that did survive. Old National Bank was one of only three out of seven national banks in Spokane that weathered the panic of 1893. Founded 18 years after the first settlers arrived in Spokane, two years after Washington became a state, and 12 years after the first bank opened its doors in the area, Old National Bank developed a long history in Spokane.

Before Old National Bank, there was Pacific Bank, which was chartered before the great fire of 1889. S.S. Glidden, who had already made himself a great success in the mines of North Idaho, joined

with several of his associates to charter Pacific Bank in 1889, but soon thereafter decided they’d like to convert it in to a national bank. In 1891, they secured a charter for Old National Bank of Spokane. It had capital stock of \$250,000 and officially began operating on December 22, 1891. Realizing there was power in numbers, Old National Bank’s management took steps to acquire banking connections with individuals and financial institutions throughout the U.S. This meant that while its focus was on local banking, Old National Bank was able to “issue drafts to all ports of the world.” Suddenly, Spokane’s banking scene had expanded beyond the edges of the river.

After successfully seeing Old National Bank through the panic of 1893, and watching Spokane’s and Old National Bank’s profits increase dramatically over the ensuing years, Glidden was ready to retire from banking altogether. He didn’t want to leave his beloved bank in the hands of just anyone, though. He found favor in two brothers, James C. and John Twohy, who owned Twohy Brothers Railway Contractors, and suggested they purchase controlling interest in Old National Bank. Interested in the opportunity, they wanted the input of a trusted expert before they took such a big risk. Luckily, they had an expert in their family: their older brother, D. W. Twohy, who was the president of Northwestern National Bank of West Superior, Wisconsin. Seriously considering the offer for Old National Bank, they asked their brother to travel to Spokane to look at all aspects of the offer and advise them on whether it was a wise deal. After careful consideration, he not only gave them his brotherly stamp of approval, but D.W. got in on the deal as well. James C. Twohy purchased controlling interest in the bank and appointed D.W. as president. A mystery exists though, as the purchase price was never revealed, and John Twohy was not part of the transaction.

While banks in Spokane were recovering after the panic of 1893, a long-established bank from neighboring Sprague, Washington, was about to break on to the scene.

George S. Brooke was the first manager and sole employee of the Bank of Fairweather & Brooke, located in Sprague, Washington. Having worked at Oregon Steamship and Navigation Company in Portland, with H.W. Fairweather, Brooke was recruited by Fairweather to come to Sprague to start a bank with him.

The Bank of Fairweather & Brooke opened May 6, 1882, in Sprague Washington. “Opening its doors consisted mostly of moving bolts of calico and barrels of nails aside to make room for a desk and a safe,” wrote Norman E. Kilgore, “for the Bank of Fairweather & Brooke was located in the rear of the general store. Business was lively during the first few months. About the time the bank opened, the Northern Pacific Railway

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completed its division headquarters shops at Sprague. The great Northwest Country was just beginning to come alive."

The sense of liveliness was nipped in the bud when fire struck on a cold winter night in January 1884. While the store burned, the bank's safe survived and the contents avoided destruction, meaning the bank could continue operating.

By July 1885, the bank, back on its feet and in a newly constructed two-story building, took out a national charter, changing its name to First National Bank of Sprague, with \$50,000 capital. Though the bank survived the rough economic times endured by the town, it could not survive a second fire, this one ripping through the town in 1885. Having been through two fires, and witnessing the Northern Pacific Railway relocate to Spokane, First National Bank of Sprague decided to close its doors in Sprague and reopen in Spokane, where the money was. One weekend, tended to by four unarmed guards, two horses pulled a weighted-down wagon of over 11,000 pounds, containing the bank's safes, and all of the deposits, from Sprague to Spokane.

The following business day, the Spokane location was open and ready for clients. There was only one glitch: there was already a First National Bank in Spokane, the one that Glover had opened in 1882. In order to sidestep the problem, in 1896, congress passed a special act changing the bank's name to Fidelity National, which it kept until 1929. The original charter, #3528, was kept, meaning it was the same bank with a new name. In 1929, Fidelity National merged with Union Trust Company, increasing its capital to \$500,000, and changing its name to First National Trust and Savings bank. In 1934, the name changed once more, becoming First National Bank of Spokane, bringing it almost full circle in its name.

Not too many years after First National Bank moved to Spokane, one of our regions greatest local banks—a financial pillar of the community that still stands strong today—made its debut.

Washington Trust Bank was organized by J. Grier Long, Romie L. Webster and Martin B. Connelly in 1902 and opened its doors for business November 3, 1902.

The original bank was located in a one-room office at 115 Mill Street, which is now Wall Street, between the Crescent, and Pacific Telephone and Telegraph Co. Rather than pulling up in cars, customers

could hitch their horses and wagons to the posts out front. This was a time when, "the Crescent, next door was advertising men's all wool sweaters for 89 cents, and Old Crow was selling for \$1.25 a bottle. The population of Spokane was 36,848 and there were nearly 700 students in the only high school in Spokane. Coffee was selling eight pounds for a dollar and you could get a full set of teeth for five dollars." (*Spokane Chronicle*).

The founders knew the people of Spokane deserved a bank they could trust and a bank that would value not just their money, but also them as well. According to an article in a 1902 *Spokane Chronicle*, "J. Grier Long selected the name Washington Trust because 'in the name of Washington I have always trusted' he said."

Trust is something the bank earned from its customers. During the worst days of the Depression, when many nervous patrons fled to their banks to drain their accounts and curl their fingers around the tangible security of their cash, "Washington Trust was the only bank in the city to keep its doors open and continue paying out withdrawals to customers," noted a history story about the bank in the *Spokane Chronicle*.

Part of Washington Trust Bank's success comes from years of wise leadership. Connelly was the first and third president of the bank, with Long serving as the second president until his death in 1914. Connelly devoted a total of 27 years to the presidency of the bank. In 1919, E.H. Stanton sold his business, Stanton Packing Co., and used the \$1 million from the sale to purchase 51 percent of Washington Trust's outstanding stock. Thus began a banking dynasty, with several generations of Stantons involved with the bank; something that continues to this day.

One thing that was common in all of the men behind these earliest of banks in Spokane, was their spirit of adventure, not just in blazing a trail for the financial vision of Spokane, but in their own lives. Many had ventured to Spokane from back east, riding across the plains, encountering Indians, blazing trails, searching after financial success in the gold rush of California, the riches of mining and the profits of lumber. After tasting success in other areas, they made Spokane their home and were willing to take entrepreneurial risks. They believed the future of Spokane was something you could bank on. ■

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